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Sees Senate Majority Report As Partisan Plea For Federal Rule

While conceding there is need for periodic federal investigation into the effectiveness of state control of insurance, Sen. Wiley describes the report of the majority of the Senate anti-trust and monopoly subcommittee on its investigation of insurance and regulation as "colored by differences of opinion and interpretation."

The majority report fails at times properly to distinguish between established fact and partisan views, Sen. Wiley charges in his minority document. The coloration bears on what the majority says has been transpiring in the business, what is the meaning of the anti-trust exemption for insurance, what is the state regulatory record, and what all this means in terms of state vs federal supervision of the business.

Basic Premise Criticized

The greatest fault of the majority report lies in its basic approach and premise, Sen. Wiley charges. This is a federal government—established to operate through a federal-state balance by people who were as knowledgeable as people today concerning the relative merits and demerits of federalism. The federal system was not accidently selected—it came into being as the best political tool for the preservation of individual and local rights.

Familiar Criticism

This system has been continued, and successfully, despite persistent arguments that federalism breeds diffusion of power and inefficiency and that centralism is the only effective way of operating a government in these complex days. It is noteworthy that efficiency is quite often offered as an excuse by systems of government which infringe on basic liberties—and

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Chicago Board Is On The Way Back To Role Of Importance

Chicago Board of Underwriters is to be reborn as a leading trade association in the Chicago metropolitan area. The decision to pull the board out of the doldrums was made by the new administration when it took office six months ago, and a progress report and outline for a program of rejuvenation received the enthusiastic support of the membership at the semi-annual meeting last week.

Bartholomay Leads

Leading the group of officers and volunteer members who are determined to restore the board to a position of prominence and prestige is Herman Bartholomay Jr. of the Bartholomay & Clarkson agency. He has stirred up interest and enthusiasm to such an extent that his ambitious plans for the organization appear to have overcome nearly all the inertia that existed.

When Mr. Bartholomay took office the board was not at a point of crisis but it was at its lowest ebb. The low point was a relative thing, actually, because the board had failed to keep up with changing times and was rapidly approaching the status of an anachronism. Each meeting—every six months—marked the arrival of a new low. It was obvious that the point of no return was near.

Turnout Doubles

Forty-six members turned out for the semi-annual meeting in the Chicago Board Auditorium last week. This was about double the number on hand for the annual meeting and election six months before; but this time the members knew that something was in the air. In the first place, they had a new manager, Eugene F. Gallagher, who had been fire manager of Standard Accident and manager of Planet in Chicago, and this was his first official appearance. And it was known that Mr. Gallagher's appointment was part of a broad plan of rehabilitation

(CONTINUED ON PAGE 20)

America Fore Loyalty Group To Build New Quarters At Atlanta

Plans have been completed for erection of the 12-story America Fore Loyalty group building at the corner of Peachtree and Bank streets in Atlanta. The group will occupy the top seven floors for its southeast headquarters.

The group maintains four offices in Atlanta at present: The southeast department at 10 Pryor Street; Loyalty companies' branch in Georgia Savings Bank building; Fidelity & Casualty branch at 45 Edgewood Avenue; and America Fore fire companies' farm, loss and agency departments at 22 Marietta Street.

Brokers Complain To FCC, FTC, Re Allstate's Non-Can

Bronx-Westchester Insurance Brokers Assn. has written Federal Communications Commission, Attorney General Lefkowitz of New York, the state insurance department, Federal Trade Commission and Better Business Bureau of New York, charging Allstate with false and erroneous advertising in connection with its non-cancellable and guaranteed renewable automobile policy.

Ad Language Hit

The letter, signed by Murray Berns, president, complains that Allstate uses language in its advertisements customarily used by A&S companies which vend genuinely non-cancellable and guaranteed renewable A&S policies. It appears that Allstate is conveying the impression that this is similar insurance, which it is not, Mr. Berns writes.

The true conditions imposed by the auto policy in general and penalties up to 250% in particular are not disclosed. The policy is cancellable, he charges.

The association still is attempting to determine what the real conditions are to qualify for guaranteed renewability. It appears from the policy that an innocent misrepresentation or failure to pay the premium on the due date may nullify the entire contract.

The association seriously objects to such "sales methods."

Heacock Chairman, Meserole President Of Pacific Group

Pacific of New York group, comprised of Pacific of New York, Bankers & Shippers, and Jersey, has elected A. Earl Heacock chairman and chief executive officer and C. V. Meserole Jr. president. They are directors of the companies.

Leslie A. Lloyd and Romeyn W. Smith were appointed vice-presidents, and Henry C. Langeman and Leroy B. Russell were named secretaries of the three companies.

Mr. Meserole has been with the group since 1946, following army service.

IMIB Rule, Rate, Form Changes Are Approved

A series of filings on revised rules, rates and forms by Inland Marine Insurance Bureau has been approved, effective Sept. 1.

Principal changes apply to mobile agricultural equipment and livestock coverage. The A forms, with the exception of an added exclusion of cotton pickers and harvester-thresher combines—which were never intended to be insured under the blanket form—remain the same with rates unchanged.

The two B forms, one for equipment and the other for livestock, provide an optional basis for writing the policy on a scheduled basis approximately 15% below A rates. An exception is made in the case of cotton pickers and harvester-thresher combines, on which rates are double those on all other equipment. IMIB is requiring separate statistics on A and B.

This filing is approved in all jurisdictions except Arkansas, Louisiana, Maryland, North Carolina, Puerto Rico, Tennessee and Texas. The class is not filed in Hawaii.

Also approves is a special form to cover magnetic or video tape produced for the entertainment or advertising business. Premium for the form is to

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Security Of Conn., F.&D. Bid To Merge With New Amsterdam

Security Files With N. Y., Conn. Departments; F.&D. Reveals Recent Merger Talks

Security Of New Haven has filed with New York and Connecticut departments a plan under which New Amsterdam Casualty stockholders would exchange their shares for Security stock. New Amsterdam management, which opposes the merger, has come up with a prospective buyer of its own, having announced that talks are in progress with Fidelity & Deposit. The lines appeared to be drawn for one of the most interesting insurance company battles in recent years.

Security Plan OK In N. Y.

Last Friday the New York department approved the Security exchange plan, which had been under study for about 10 days. The same day, New Amsterdam officials sent out a release to Associated Press that the Fidelity & Deposit talks were in progress. On Monday, the Security proposal was filed with the Connecticut department. Final approval calls for a public meeting of interested persons in that state. E. Clayton Gengras, president of Security, charged that the New Amsterdam management announcement "was intended primarily to prejudice our proposed offer to the stockholders of New Amsterdam."

Mr. Gengras said that according to the newspaper article, no terms have been agreed upon and the matter has not been acted upon by the board or the stockholders of either company.

"We believe that the offer which we propose to make is a good offer. Accordingly, despite the 'conversations' referred to in the news release we are proceeding with our original plans to put our offer before the stockholders of New Amsterdam," he declared.

Denies Gengras Charges

A high official at New Amsterdam replied in an interview with THE NATIONAL UNDERWRITER that Mr. Gengras' charges were untrue. "We have been

(CONTINUED ON PAGE 21)

Wichita Storm Damage Estimated At $1.5 Million

The hail and wind storm that struck Wichita July 29 has been estimated at $1.5 million. Some 15,000 losses, averaging $100, are expected. National Board has assigned catastrophe number 13 to the storm which hit the north one-third of the city.

Western Adjustment has established a special catastrophe office in Wichita with R. W. Vik in charge.

N. Y. WC Rates Rise, Fund Data Is Not Included In Filing

New York Compensation Insurance Rating Board has increased workmen's compensation rates by 3.4%, effective Aug. 1. Principal increases are in manufacturing and contracting, which represent more than 50% of total WC premiums in the state.

For manufacturing, 238 classes are increased, 119 decreased, and 41 remain unchanged. The average increase is 4.3%. In contracting, 34 classes are increased, 38 decreased and 13 are unchanged, with an average increase of 1.3%. Federal work is increased 6.7% and servants 16.3%. Laundries (no machinery), window cleaning, barber shops, and building operation of not more than 12 tenants go up 2.9%.

29.7% Is Manufacturing

Manufacturing represents 29.7% of the total premium, contracting 20.4%, federal 2.4%, and servants 1.7%.

The board originally filed for changes that would have resulted in a 4.5% increase, but after consultation with the insurance department reduced this to 3.4%. The expense allowance of 40.4% was reduced to 39.95%, and the provision for inspection and bureau from 2.5 to 2%. The allowance for loss adjustment was increased from 8.4 to 8.45%.

The weekly maximum WC benefit for disability cases was increased by the last legislature from $45 to $50, with a comparable increase for death cases. Also, daily hospital rates for WC patients have been increased. The combined effect of the increases for indemnity and medical benefits is estimated by the board to be an average of 5%.

This is the first filing to be made under the insurance department's new rule, upheld by the courts, that the board must exclude the experience of the State Fund in arriving at rates for its members. Previously, since WC became law in 1914, the experience of the governmental insurer, now the largest WC writer in the state, has been included with the figures of private companies in rate making.

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General America Has Good 6 Months

Net profit of General America Corp. and subsidiary companies (General of Seattle, First National, Safeco and Lifeco) for the six months ended June 30 totaled $5,208,339, equal to $5 a share. This compares with $5.93 for the like period last year. Adjusted underwriting profit for the six months amounted to $5,637,020, equal to $5.41 a share, compared with $8.86 a share in the similar period of 1959. Net investment income was $3,735,726, equal to $3.59 a share, compared with $3.07.

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All Set For W. Va. Agents Annual At White Sulphur

The strike which disrupted business at the Greenbrier, White Sulphur Springs, is settled and arrangements are proceeding to hold the annual meeting of West Virginia Assn. of Insurance Agents there Aug. 14-17.

Speakers at the meeting include Paul M. Holland, vice-president and Baltimore regional manager of Afco; Marshall B. Simms, director of multiple line development of Continental Assurance; Arthur Dannecker, manager of advertising and public relations of Ohio Farmers; Robert W. Lawson, of Steptoe & Johnson, insurance attorneys, and Commissioner Pearson of West Virginia.

D. G. Greenfield, manager of West Virginia Fire Rating Bureau, also will talk and Rosser Long Jr. of Fayetteville, past president, will lead a round table discussion on current problems.

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Kean To Succeed Bellmer At New York For National Fire

National Fire has appointed John Kean Jr. resident vice-president at New York to succeed Vice-president W. L. Bellmer, who will retire Aug. 31.

John Kean

Mr. Kean joined National Fire in 1952 as an ocean marine underwriter at the home office. In 1957 he went to New York as marine manager and in 1959 he was named assistant manager.

R. H. Parker, office manager; J. L. Schmidt, marine supervisor, and V. K. Haak, special agent, will assist Mr. Kean.

Mr. Bellmer has been with National Fire since 1925. He was elected an officer in 1940 and in 1951 was named vice-president in charge of the New York metropolitan office.

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Mutual Insurance Agents Assn. of Indiana will hold its 1960 convention Sept. 25-27 at Fort Wayne.

U.S.F.&G. Writes Record Volume In First Half Of 1960

U.S.F.&G. had an underwriting loss of $2,120,000 in the first six months of 1960 compared with a loss of $5,143,000 for the same period of 1959. Premiums written for the period were $153,081,000, a record and an increase of $13,174,000 over the corresponding period last year.

Earned premiums were $138,328,000, up by $12,931,000 over the first half of 1959. In the first six months of 1960, $14,752,000 was added to unearned premium reserve. Policyholders surplus was $190,478,000 compared with $148,251,000 a year ago.

The combined loss and expense ratios of 97.3 compared with 99.2 a year ago.

Investment income was $6,856,000 an increase of $1,016,000. Investment earnings per share were $1.25 compared with $1.06 in 1959.

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Southern General Names R.H. Work V-P Of Claims

Richard H. Work, assistant vice-president of the claims department of Stuyvesant, has been appointed vice-president in charge of claims of Southern General. Prior to going with Stuyvesant over a year ago, he was with General Adjustment Bureau as casualty manager at Denver.

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The **Richter-Schroeder agency** of Milwaukee has purchased the business of Walter Kassuba, and the Kassuba agency will be merged with Richter-Schroeder.

1961 Congress Seen Enacting A Credit Disclosure Measure

Congressional enactment of a federal law requiring disclosure to borrowers of all credit charges and perhaps even insurance premiums was forecast as probable during the 1961 session of Congress by Milton P. Semer, counsel of the Senate banking and currency committee, in an address to Consumer Credit Insurance Assn. at its annual convention in Hot Springs, Va.

A banking subcommittee has already approved the measure, but before the bill receives final approval, the full committee must resolve the treatment of credit life and A&S premiums in relation to over-all finance charges involved in time-payment contracts, Passage, threfore, can hardly be expected during the legislative jam of the short session of Congress that begins Aug. 8, Mr. Semer said.

Hollenbeck Is Elected

Dwight W. Hollenbeck, president Credit Life, Springfield, O., was elected president of the association to succeed William F. Martin, vice-president Stuyvesant, who was named chairman.

Other officers elected were Charles L. Kopp, counsel Pacific Fidelity Life, financial vice-president; Charles T. Hargrove, executive vice-president American Bankers of Miami, 1st vice-president; William J. Walsh, general counsel and treasurer, and William M. Busch, secretary.

Effective "loss control," a key factor in retrospective automobile physical damage underwriting, can be achieved through careful reviews of each individual account and close personal contacts with highly qualified agents, Mr. Martin told the convention.

Stuyvesant Approach

A new approach by Stuyvesant, pegged to the basic principle that large volume business is generated through big agencies in large metropolitan areas, has proved highly successful since undertaken three years ago, he said.

The company's volume of automobile business has increased 200% over 1958, as against an increase in unearned premium volume of approximately 30% for the rest of the industry, and its loss ratio has decreased about 17% on this increased volume, he pointed out.

Merit rating and saf edriver insur-

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Naghten, Magill Agencies Collaborate, Not Merge

The collaboration between John Naghten & Co. and the Magill agency of Chicago to form Naghten, Powell & Stark does not mean, as implied in the report in last week's issue, that the originating agencies are merging. John Naghten & Co. will turn over to the new agency their brokers' accounts except for surplus lines and Lloyd's business, and will continue their direct business; and Magill agency will make no changes in present operation except to move to larger quarters at A-1128 Insurance Exchange Building.

Donald L. Powell, president of the Magill agency, is president of Naghten, Powell & Stark, and L. J. Stark, who has been manager of Magill agency, will be manager of both agencies. Harry Ingersoll of Naghten & Co. will supervise fire and marine for Naghten, Powell & Stark, and Mr. Stark will supervise casualty.

Aetna Fire Into Underwriting Black In The First Half

Aetna Fire had an underwriting profit of $680,562 for the first six months of 1960 compared with a loss of $5,347,906 for the first half of 1959. Premiums written were $84,133,954, an increase of $4,883,412 for the comparable period. Net profit after taxes was $4,649,215 compared with a net loss of $1,796,615 in the first half of 1959.

Investment income was $3,932,381, compared with $3,450,371.

Ratio of losses and loss expenses to premiums earned was 58.2 compared with 65.1 for the same period of 1959. Ratio of underwriting expenses to premiums written was 38.5 compared with 40.3. Combined loss and expense ratio was 96.7 against 105.4 in the 1959 period.

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N. C. Institute Set

The annual insurance institute sponsored by North Carolina Assn. of Insurance Agents will be held Aug. 7-12 at the University of North Carolina. Courses will be given for beginners in the agency business as well as for those with experience.

A public relations seminar will be held Aug. 8-9. Participants include Charles E. Clarke, assistant manager Insurance Information Institute; Albert M. Thomasson, southeastern manager III; James R. Mathews, NAIA director of advertising and public relations; Edward L. Rankin Jr. of John Harden Associates, Raleigh public relations firm, and Leslie T. Giblin, Ridgewood, N. J., sales consultant.

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Midwestern Indem. Adds To Funds

Midwestern Indemnity of Cincinnati has increased its capital and surplus by $259,000 through the sale of 15,832 shares of common stock, all but a few hundred shares of which were purchased by rights holders.

The additional financing was necessitated by a continued growth in premiums. President W. W. Schneebeck said volume in the first six months of 1960 was 20% above the corresponding period of 1959.

First Half Profit For Providence Washington

Providence Washington had an operating profit of $326,377 in the first six months of 1960. President Roy E. Carr reported to shareholders in a letter that the operating profit was made up of a statutory underwriting loss of $259,838 and a net investment income of $586,215. During the same period last year the operating profit was $409,632, composed of a statutory underwriting loss of $124,349 and a net investment income of $533,981.

The operating profit was 62 cents per share, and after allowance for change in unearned premium reserve equity, the adjusted operating profit was $1.50 per share. Common stock equity was $42.17, up from $39.47 since last Dec. 31. Surplus was $15,914,338, an increase of $110,581 for the six months on a convention basis. On market value, the increase was $813,838, to $13,891,346.

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Passiac County (N. J.) Assn. of Insurance Agents will hold its annual meeting and election of officers Sept. 15 at Brownstone House, Paterson.

Minor Speeding Cases Threaten Merit Plans

J. B. Schlaudecker, Cleveland, agent writes:

I enjoyed reading the article in the July 8 issue, William Leslie Jr.'s defense of the automobile safe driver plan, and give full approval to all that is stated therein. It is to be hoped this will achieve the sought-for results in lowering the loss ratio, so that automobile insurance, which seems to predominate over everything else in the business, will become profitable and more popular with the companies, which after all, have to write the business and pay the losses.

The plan takes into consideration two factors—losses and citations for driving violations. As for the latter, particularly speed traps, unless some radical change is brought about in the enforcement of this part of our laws, the whole safe driver program is likely to be relegated to the scrap-heap of public opinion.

I am not opposed to the idea of arrests for speeding. On the contrary, the person who weaves in and out of traffic, or drives at a rate of speed that obviously endangers life and property, should be ticketed.

Of Equal Menace

But what to me is an equal menace to life and property is the widespread use of radar speed traps, where unsuspecting motorists are handed summonses for traveling one or two miles over the legal rate, regardless of time or circumstance. For instance, arresting a person for going perhaps 25 m.p.h. through a 20 mile school zone on a Saturday afternoon, with no one

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UNUSUAL U&O CLAIM IS TURNED DOWN

Loss Of Receipts Not Covered; Agent's Promise, Misrepresentation In Two Suits

U. S. second circuit court of appeals upheld a finding by the U.S. southern district court that Anchor Casualty was not liable under a U&O rider on an inland marine policy for loss sustained by insured when a blizzard held attendance down at an exhibition. The case is reported in 10 CCH (Fire & Casualty) 410.

National Children's Expositions Corp. was insured under an inland marine form to which a typewritten rider in the amount of $150,000 had been attached to cover insured for loss of expected profits and expenses if certain contingencies arose to prevent the holding of or continuance of the exposition.

Insured conducted a children's exposition at Grand Central Palace in New York City Dec. 20 to Dec. 28, 1947. On Dec. 26 there was an unprecedented snowstorm which substantially reduced attendance on that and the two subsequent days. Total loss in receipts was estimated at $33,069.

At no time during the three days involved was there any physical damage to Grand Central Palace or the portion therein occupied by insured. The exhibition was open to all customers at all scheduled times and the attendance was substantial.

In denying recovery, the trial court held that the language in the rider covering contingencies which would "prevent the holding or continuance of the exposition" was clear and unambiguous. Since the policy only provided indemnity if the exposition was stopped from being held, the insurer was not liable for low attendance due to inclement weather, the high court observed in affirming the ruling.

COVERAGE NOT PROVIDED

Oregon supreme court reversed a ruling by circuit court and remanded for new trial a suit in which a general agency was charged with failing to procure coverage for a sawmill owner. The lower court had found for the agency. The case is reported in 10 CCH (Fire & Casualty) 417.

The insured brought action against Tumy et al, general agency partners, for not securnig insurance on certain buildings and equipment. He charged that one of the agents had agreed to place the coverage to reflect substantial improvements on the property.

According to insured, the agency agreed to bring total insurance up to 95% of the insurable value as shown by an appraisal. Before the coverage was obtained, the premises were badly damaged by fire, and insured sustained a heavy loss through under insurance. Trial court action resulted in a verdict for the agency.

On appeal, insured contended the trial court erred in instructions to the effect that he had to prove the alleged agreement with the same degree of certainty as an oral contract of insurance. The supreme court held that insured was not required to prove each and every element of a contract of insurance by showing that the parties came to an express agreement with respect to each of the separate elements. An express agreement is not necessary, since the scope of the risk, the subject matter to be covered, the duration of the insurance, and other elements can be found by implication. The fault of the instructions, the supreme court maintained, was that they prohibited the jury from finding from facts—short of an express agreement—that a contract did exist.

From previous dealings between the parties and from evidence of policies written by the general agency and then in force, a contract for the added coverage could be implied, the high court held in reversing the lower court and remanding the action for new trial.

Ervin B. Hogan and O. J. Frohnmayer of Neff, Frohnmayer & Lowry, Medford, Ore., appeared for insured, and George M. Roberts of Roberts, Kellington & Branchfield, and Robert D. Heffernan Jr., both of Medford, for the general agency.

INVENTORY MISREPRESENTED

U.S. southern district court granted St. Paul F.&M. summary judgment in a suit involving material misrepresentation in insured's proposal for coverage under a jewelers block policy. The case is reported in 10 CCH (Fire & Casualty) 409.

The action, on which the insurer's motion for summary judgment had previously been denied by the same court, was brought for recovery of an alleged loss by armed hold up and robbery.

The court noted that M. Chalom & Son, the insured, understated the value of property in applying for the coverage. If the value had been accurately stated, the premium would have been higher. Indeed it would have been a violation of the New York law for the insurer to have issued the policy at the premium involved if values had been correctly identified.

A misrepresentation is material if knowledge by the insurer of the facts misrepresented would have led to a refusal by the insurer to write the contract, the court commented. On the original motion, the insurer submitted an affidavit stating that it would not have written the policy if it had known the true facts. There was the possibility, however, that insured might have been able to convince a "trier of the facts" that the insurer, in spite of its protestations in the affidavit, could have been persuaded to violate the law and issue the policy at the low rate actually charged. So long as this possibility existed, the extremely strict requirements for summary judgment in circuit court were not satisfied, and the motion was denied.

Since that time, the court went on, in pre-trial proceedings insured conceded that the insurer would not have issued the coverage at the premium involved had it known the correct inventory figures. Accordingly, the district court granted the judgment in favor of the insurer.

HAZARDS MULTIPLIED

Mississippi supreme court has upheld a verdict in favor of Central Mutual in a case involving breach of the increase of hazard condition in a fire policy. The case is reported in 10CCH (Fire & Casualty) 415.

Dr. Noble R. Frisby was insured for $2,500 under the policy issued in February, 1957 and covering property he had purchased in 1953. In July, 1957 Dr. Frisby sold the property to Lexie and Cordye Forrester for $5,500. They paid $500 down and gave a note and deed of trust for the balance. The original policy showing Dr. Frisby as insured was endorsed to name the Forresters as insured and Dr. Frisby as mortgagee.

After fire destroyed the property, the Washington county court and the circuit court of that county both ruled that the insurer was not liable.

In upholding this finding the supreme court noted that insured premises, although described as occupied by a grocery store, were intended for and in fact were used as a night club where illegal sale of whiskey and gambling operations were carried on. Other features were dancing, sale of beer, and "skin-ball" games three times a week.

The place was opened only in the late afternoon and generally closed about midnight, and proof showed that it was not operated as a grocery. Packaged goods were kept and sold in a little house outside the premises.

It was further disclosed that Dr. Frisby was a frequent visitor to the premises during the year prior to loss by fire, and the jury in county court was warranted in finding that he knew the place was being operated as a "juke joint," the supreme court noted.

This court also held that the question of whether sale of intoxicating liquors and related activities constituted increase of hazard was for the jury to decide. Since it had found for the insurer, and no reversible error was committed, the verdict was affirmed.

'Health Insurance' Defined, Classified By Teachers' Unit

Definitions of "health insurance," of "accident insurance," and of "sickness insurance," plus a tentative classification system for health insurance, were arrived at by the committee on health insurance terminology of American Assn. of University Teachers of Insurance in all all-day meeting at New York.

'Health Insurance' Defined

Having previously decided to standardize "health insurance" as the generic name of this line of business, the committee which is headed by E. J. Faulkner, president of Woodmen A.&L., agreed upon the definition of the term:

"Health insurance: Insurance against loss by sickness or bodily injury. (Sometimes called 'accident and sickness' or 'accident and health' insurance and sometimes also used to mean insurance covering only sickness or medical expense.)"

The committee also agreed that additional explanatory material to accompany the definition, including recommendations for the use of the term, should be developed by its official editor, R. W. Osler, president of Underwriters National.

The following classification system was adopted, subject to certain refinements to be worked out by the editor and subsequently approved by the committee:

I. Perils.
- A. Accident.
- B. Sickness.

II. Contractual arrangements.
- A. Group.
- B. Individual, including family.
- C. Blanket.

After considerable discussion, it was decided that "franchise" cannot be defined as a separate classification but should be included as a sub-classification.

III. Types of losses.
- A. Accidental death.
- B. Dismemberment and loss of sight.
- C. Loss of earned income, real or presumptive.
- D. Medical expense.

IV. Basis of payment.
- A. Valued.
- B. Reimbursement.
- C. Service.

V. Types of benefits.
- A. Accidental death.
- B. AD&D.
- C. Income.
- D. Expense.

VI. Kinds of companies.

It was decided that terminology in this area is in the domain of the committee on general insurance terminology.

VII. Continuance provision.
- A. Individual.
  1. Non-cancellable.
  2. Guaranteed renewable.
  3. Limited renewable (or "restricted termination right").
  4. Optionally renewable.
  5. Cancellable.
  6. Non-renewable.
- B. Group. Doubts were expressed that usable subdivisions could be distinguished under group, but the editor, was instructed to consider the possibility of working out terms to cover the following descriptions of subdivisions.
  1. Guaranteed renewable as to master contract.
  2. Contract that can be discontinued for any renewal period for the master policy.
  3. Guaranteed renewable during continuance of employment.
  4. Cancellable as to a class within a group.

VIII. Methods of merchandising.

It was decided that subdivisions in this area are in the domain of the committee on general insurance terminology.

In final action, the committee decided upon definitions of "accident insurance and "sickness insurance":

"Accident insurance: A subdivision of health insurance against loss by accidental bodily injury." The editor was instructed to add explanatory material to include the "accidental means" distinction.

"Sickness insurance: A subdivision of health insurance against loss by sickness." The editor was instructed to add explanatory material including mental illness, pregnancy, and certain forms of preventative and diagnostic medicine.

Another Meeting Planned

The meeting was filled with banter and by-play, including some sharp but non-acrimonious differences of opinion. The committee adjourned sine die with agreement that depending on the progress of the editor in developing definitions and refining classifications, it would try to meet in approximately six months at the time of some insurance meeting normally attended by the majority of committee members.

Scofield Joins Reliance

Reliance has appointed John E. Scofield state agent in northern New Jersey. He was formerly in the New Jersey field for Pacific National.

New Official Lineup For Armstrong-Roth-Cady Agency

C. Morgan Epes Jr., has been elected president of Armstrong-Roth-Cady agency of Buffalo, N. Y. He succeeds his father, Charles M. Epes, who advances to chairman and chief executive officer.

David H. Eslick is vice-president and secretary; LaVern C. Frey vice-president and treasurer; John C. Greeno assistant secretary, G. Bernard Quick assistant treasurer, and William N. Hoock assistant secretary.

C. Morgan Epes Jr., joined the agency in 1947 and has been an officer since last year. Charles M. Epes was with Woodworth Hawley agency for 17 years before joining Armstrong-Roth-Cady as a vice-president in 1937. Mr. Eslick merged his own agency into the firm in 1948. Mr. Frey joined the firm as a clerk in 1930 and was named an officer in 1946 and a director in 1959.

The agency was founded in 1830. In 1908 the agencies of Armstrong & Husted, Cady & Perkins, and E. Roth & Co. were merged.

American Promotes Koob At Kansas City

George H. Koob has been promoted to casualty manager of American at Kansas City. He succeeds Eldon L. Sheets, who has resigned to enter the general agency field.

Mr. Koob joined American in 1950. After completing its technical training program he was appointed an underwriter at Kansas City in 1951. He was advanced to underwriting supervisor there in 1955.

Pacific Ind. Reassigns Fire, Marine Personnel

Pacific Indemnity has appointed Edgar L. Kale manager of the home office fire and inland marine department, suceeding John J. Haster, who has joined Sayre & Toso. New associate manager of the home office fire department is James A. Smith.

Mr. Kale joined the company as a fire underwriter in 1947 and prior to his present appointment was manager of the Los Angeles metropolitan fire and inland marine department. Mr. Smith has been with the company 34 years, becoming chief fire underwriter in 1941.

Succeeding to Mr. Kale's Los Angeles metropolitan post will be Donald W. Munson, who for five years has been fire and inland marine manager at Dallas. He entered the business in 1946 with Hartford Fire, and he was with General Adjustment Bureau and American before joining Pacific Indemnity in 1955.

William T. Davis will replace Mr. Munson at Dallas. In the west Texas field for over a year, Mr. Davis has been with Batjer Claims Service of Abilene, Tex., Crum & Forster, and National Fire.

New Adjustment Service In Ohio

Carl E. Spangler has organized Spangler Adjustment & Inspection Service, covering central, eastern and southeastern Ohio with offices at Columbus and Zanesville. The company will provide service for all lines of fire, casualty and inland marine.

Amer. Fore Loyalty Combines Loss Unit For Midwest States

America Fore Loyalty has consolidated at Chicago its loss adjusting facilities for the midwest. The new department is under Axel H. Nelson, secretary, who has been in charge of America Fore fire companies' loss department at Chicago. Mr. Nelson has also been named secretary of domestic Loyalty companies.

Axel H. Nelson

William D. Thompson, assistant secretary of America Fore, who has been Mr. Nelson's first assistant, will serve in the same capacity in the consolidated unit. He has been appointed assistant secretary of the domestic Loyalty companies.

Loyalty's fire losses heretofore were under the supervision of William J. Horan, secretary, who retired July 1.

Mr. Nelson, with America Fore 35 years, has been in the loss department since 1931. Previously he was in various capacities in the farm department. He was made general adjuster in 1952 and in 1955 was appointed a secretary of America Fore fire companies. He is a past president of Western Loss Assn.

Mr. Thompson began his career with a Kentucky agency in 1938 and joined America Fore in 1947 as a staff adjuster at Bowling Green, Ky. He became assistant general adjuster in 1955. He was appointed assistant secretary of America Fore fire companies in 1959.

Ad Placed By Merchant Asks Local Agent Support

District of Columbia Assn. of Insurance Agents, in its bulletin, expressed appreciation of an advertisement placed in the Washington Post by D. J. Kaufman a local men's wear store.

The Kaufman ad was headed "Your Independent Insurance Agent Is Your Neighbor." The text of the ad read: "Many people who wouldn't consider getting medical advice from a mail order firm will often risk serious mistakes by taking out 'mail order insurance.' In evaluating your personal insurance problem you need the trained advice of an individual who understands values in your own community. Who is this individual? He is your independent insurance agent. He is your neighbor . . . and he is as close as your telephone."

The agents' bulletin noted that the Kaufman firm has taken the advertisement because mail order insurance ads in newspapers, magazines and TV imply that this type of insurance is less costly than insurance purchased from a local agent.

Holds Summer School For Agents

State Automobile Mutual held its first summer school for agents at Capital University, Columbus, O., last week. The week-long school was under the direction of John S. Bickley, University of Texas insurance professor, and it was attended by 41 agents. Instruction concentrated on personal lines. John A. Lloyd, president of Union Central Life, was the banquet speaker.

Book On "Operators" Includes Some From Insurance Business

Harper & Brothers has published the Operators, a book by Frank Gibney, a staff writer on Life magazine, which is the story of assorted crooks and shenanigans, from labor gangsters and pill peddlers to those who cheat on their income tax and how they do it. A respectable amount of space is devoted to unrespectable insurance "operators."

One of the latter is Lowell M. Birrell, currently in Brazil, whose manipulations of insurance and other companies is described in detail but with no new facts. The names of Inland Empire, Rhode Island, William Penn Fire, and Louisville F.&M. ring familiarly through this section of the book. Birrell is held up as a shining example of the operator in securities, who is, Mr. Gibney points out, very hard to prosecute successfully.

Mr. Gibney also takes some fraudulent claims against insurers from the files of the companies. He describes how some of the accident frauds are perpetrated and then details the difficulties and delays the law has in uncovering and prosecuting those responsible for them. He tells the story of John J. Tobin Jr., the Youngstown adjuster who took $200,000 from his company with fake accident claims.

Provides Material

The chapter on embezzlement—from banks and elsewhere—would provide an agent with a lot of material for advertising and sales of fidelity coverage in adequate amounts.

Standard Accident Acquires Florida General Agency

Standard Accident has acquired the general agency operations of McCrory, Armstrong & Waters of Jacksonville, Fla. A Florida branch office is being established effective Aug. 1 in the Barnett National Bank Building. Standard Accident services offices, staffed by present personnel, in Orlando, West Palm Beach, Tampa and Coral Gables, will report to the Florida branch office.

The management personnel in Jacksonville will be Frank Coffee, manager claim department; Warren B. Fowler, agency manager; J. F. Hartzer, manager bond department. J. B. Waters, president of the agency, will serve as consultant to the branch office for the next year.

McCrory, Armstrong & Waters, a supervising general agent for Standard Accident for more than 35 years, will continue to represent the company as an agent.

April Traffic Accident Toll In N. Y. Reduced

New York State bureau of motor vehicles reports that traffic fatalities in the state were down 18% during April compared with April, 1959, and were 12% less than for the first quarter of 1959. Injuries decreased 2% in number to 20,598.

Property damage accidents decreased 5% in number to 9,544. The cost of property damage was reduced 7% to $8,164,125. Mileage traveled increased 7% to 3,922,000 and vehicle registrations were up 2% to 4,559,189.

Under-25 drivers were involved in 38 fatal accidents, 31% fewer than in April, 1959. Out-of-state drivers were involved in 16 fatal accidents, four more than in April, 1959. Unlicensed drivers were involved in five fatal accidents, the same as April, 1959.

Joins Trinity Universal

Meredith A. Romineck has been appointed a special agent in southern California for Trinity Universal. He will work out of the Los Angeles office, operated as Trinity-Security Group.

Standard Accident Advances Cross

Standard Accident has appointed George F. Cross Jr. manager of the casualty and property underwriting department at Washington, D.C. He joined the company in 1953 at Washington and since 1957 has been chief casualty and property underwriter at Richmond.

Tex. Agents Not Liable For Adjuster's Tax

The Texas attorney general has stated in an opinion that local agents are not liable for the tax on insurance adjusters.

The Texas statute provides that "every person engaged in the occupation of adjusting insurance losses . . . (shall pay) an annual tax of $10," and adjusters are defined as those "engaged in the occupation of adjusting insurance losses when he investigates or ascertains the liability or amount of damage, or negotiates the adjustment of insurance claims or losses, or reports thereon . . ."

Based On Pearson Case

The opinion, by James R. Irion, assistant attorney general, is based on the case of F. S. Pearson of the Harrison-Wilson-Pearson agency of Austin, who is described as presenting the typical situation.

Mr. Pearson, the attorney general was informed, pays small losses which require no independent investigation, the liability and amount involved being without question. He also acts frequently in an advisory capacity and to a limited degree in the negotiation of settlements upon request of either the insured or the adjuster. Practically all losses on policies written through his agency are first reported to him by the insured. If the reported loss is of a type that has any investigation or adjustment problems, the company or its assigned insurance adjuster is immediately notified, at which point Mr. Pearson's responsibility for investigation, negotiation or reporting thereon ends. Losses involving substantial sums or substantial questions of liability fall within the latter category. If the loss does not fall within such category, Mr. Pearson pays it and is reimbursed by the company. He receives no additional or special pay for any service rendered on losses.

Mr. Pearson does not maintain a claims department, employ a claims adjuster or hold himself out to insurance companies, other agents or the public as an adjuster. He is described as not an expert in the techniques of investigation, negotiation, appraisal or ascertainment of liability, etc. and the only losses which he has anything to do with are those which arise out of policies written through his office.

A distinction is made between the independent agency operation of Mr. Pearson and the direct writing operation under which the agent is described as an employe or under the direct control of his company and may be directed to perform on behalf of the employer or company any duties assigned to him, including adjustment of losses.

The attorney general's opinion states that the "acts done by Mr. Pearson in paying small, undisputed claims, and in an advisory capacity during negotiations, as incidental to his occupation as an independent local recording agent, are as such, insufficient to bring him and others similarly situated into the statutorily defined class upon which the tax is levied."

The attorney general cautions, however, that agency arrangements involving more discretion or authority over losses than described in the case of Mr. Pearson might result in liability for the tax.

Georgia Assn. of Independent Agents and the Atlanta area association moved Aug. 1 to new headquarters at 972 Peachtree Street N.E., Atlanta.

Travelers Fills Posts In Home Office, Field

Travelers has appointed Harold F. Laws assistant secretary in the agency services department to succeed Warren G. Willsey, who has retired after 40 years with the company. Robert P. White has been named superintendent of training and Richard Swayne assistant superintendent of agencies for casualty-fire. Travelers Indemnity has named three managers in the field.

Mr. Laws joined the marine department of the company in 1952. He was transferred in 1956 to the agency services department which deals with fire-casualty and life agencies. He was advanced from administrative assistant to agency assistant in that department in 1957.

Reached Position In 1946

Mr. Willsey went with the company in the group department in 1920. He was promoted to assistant registrar in the agency department in 1928 and was named assistant secretary in 1946.

Mr. White joined Travelers in 1950 as assistant supervisor of casualty, fidelity and surety lines at Pittsburgh. He was transferred to the home office in 1952 as an instructor in the training, sales research and promotion division of the casualty, fidelity and surety, and fire and marine agency departments. He was named assistant supervisor of the division in 1953.

Mr. Swayne joined Travelers in 1946 as a field supervisor at San Francisco and subsequently became field supervisor and assistant manager at Stockton. He was transferred to Sacramento as assistant manager in 1954 and was named manager of casualty, fidelity and surety there in 1957.


Harold F. Laws


Robert P. White

Travelers Indemnity has named Robert L. Richard casualty, fidelity and surety manager at St. Louis, Frederick T. Verny fire and marine manager at Charleston, W. Va., and Richard E. Kuhn fire and marine manager at Milwaukee.

Mr. Richard joined Travelers in 1939 in the southern department. He was a special agent at Los Angeles from 1946 until 1949 when he was appointed assistant manager there. In 1956, he was named manager at Milwaukee.

Joins Travelers In 1950

Mr. Verny joined Travelers in 1950 as a special agent. He went to Minneapolis as a field supervisor and later served in that capacity at Houston and New Orleans. In 1956, he was made assistant manager at New Orleans and in 1957 went to Jackson, Miss., as assistant manager.

Mr. Kuhn went with Travelers in 1951 as a field supervisor at Milwaukee. He was named assistant manager there in 1954 and was promoted to manager at Charleston three years later.

First Boston Corp. Notes Improving Stock Outlook

A definite improvement in underwriting and a gain in net investment income of 10% for 42 leading fire and casualty stock companies have been noted as reasons for optimism in the insurance stock outlook by First Boston Corp., New York investment bank, in its annual study, Data on Selected Fire & Casualty Insurance Stocks.

"Approximately half of the companies included in this booklet either have raised their cash dividend rates or paid stock dividends since the beginning of 1959," the report stated.

"Net investment income is increasing this year at an even more rapid rate than 1959 and if underwriting results continue to gain in profitability, a number of additional dividend increases may reasonably be expected among the fire and casualty insurance companies in 1960."

Haster Is Sayre & Toso V-P Of Fire Operations

John J. Haster has joined Sayre & Toso Inc. as vice-president of fire operations.

John J. Haster

He was with Pacific Indemnity as vice-president of the fire and inland marine department, and prior to that, he held executive posts with Swett & Crawford. He began his career 40 years ago as an office boy with North America.

Mr. Haster is a past president of Fire Underwriters Assn. of the Pacific and California Assn. of Managing General Agents.

William Martinsen has rejoined the agency's Los Angeles office in a supervisory underwriting capacity in the surplus line department. Before his return to Sayre & Toso, he was in the agency business for seven years. He entered insurance with Fireman's Fund fourteen years ago.

Sayre & Toso Raises Anger

W. Robert Anger, secretary and manager at Seattle of Sayre & Toso, has been promoted to vice-president there. Beginning his insurance career in 1937 in Rockford, Ill., before joining Sayre & Toso in 1949 as manager at Seattle, he was Pacific Northwest manager of Lloyd's and aviation facilities for Cravans, Dargan & Co.

SEC OKs Underwriters National

The filing of Underwriters National Assurance of Indianapolis with the SEC became effective July 22. This covers the public offering of 240,000 shares of $2.50 par stock at $7.50, to be handled by David L. Johnson & Associates of Indianapolis.

President of Underwriters National is Robert W. Osler, former editor of the Insurance Salesman, and the executive vice-president is W. Harold Petersen. The board includes a number of prominent life agents and general agents and managers from Indianapolis, New York and Chicago.

Underwriters National will concentrate on the sale of health insurance.

Employers Mutuals Raises Dvorak To N. Y. Manager

Richard E. Dvorak, sales manager at New York for Employers Mutuals of Wausau, has been appointed branch manager. He succeeds Dale Snure, who was recently appointed senior vice-president of branch operations.

Mr. Dvorak joined the company in 1935. He served in engineering departments at Milwaukee, Pittsburgh and Atlanta and in sales positions at Knoxville and Atlanta before becoming sales manager at New York in 1953.

Wagner Named Personnel Manager By North America

North America has appointed Wesley N. Wagner manager of the Philadelphia personnel office. He was with Towers, Perrin, Forster & Crosby, Philadelphia, before joining North America in 1956. He has been active in research, training and testing in North America's personnel development department.

Parrott & Co. Unit Merges With Landis Pelletier & Parrish

The ocean marine general agency department of Parrott & Co., including representation of North British and Northwestern National, has merged with Landis Pelletier & Parrish general agency. Carl A. Jones, who has been manager of the insurance department for Parrott, will assume executive duties in the ocean marine operations of Landis Pelletier & Parrish in association with G. M. Parrish, vice-president and secretary, and A. W. Lidgate, superintendent of the ocean marine department.

Officers Are Reelected By Indiana Institute

Insurance Institute of Indiana, at its annual meeting at Indianapolis, reelected Edward P. Gallagher, American States, president. Other officers were also reelected. They are Horace H. Tudor, Indiana Lumbermens, vice-president; William P. Cooling, Indiana Ins. Co., treasurer; and Jack J. Rosebrough, Hoosier Farm Bureau, secretary. Executive Vice-president Allen Dale was also reelected.

O. O. Allen, State Auto, and Carl M. Russell, Meridian Mutual, serve on the executive committee along with the officers.

Speakers provided by the institute in its two years of operation have appeared before 350 club meetings on behalf of the industry.

The **Swarm agency** of Decatur has been purchased by the Irish-Behnke & Co. agency of which Lloyd Irish and David Behnke are principals. The Swarm agency will move into the Irish Behnke Co. space at 249-250 Citizens Building.

Eliason Is Agricultural Manager At Kansas City

Agricultural has appointed Franz R. Eliason manager at Kansas City. He entered the business with the group when he joined Anchor Casualty. He served in the home office and in the field for that company and most recently has been manager at San Francisco.

Bernard G. McCord will assume field supervision in northern Missouri, and James R. Handley, formerly at Kansas City, will travel the St. Louis and southern Illinois territory.

Ryan, Dugle Advanced By Kemper Companies

William J. Ryan, head of the Kemper companies' education department, has been appointed personnel manager, succeeding William J. Hindman, who has gone into agency work. Mr. Ryan has been with the companies since 1942, and his position in the education department will be filled by Frederick J. Dugle. Mr. Dugle joined the Kemper group in the education department in 1952.

Frost Returns To Seaboard Surety As Vice-President

H. Marshall Frost has been appointed vice-president of Seaboard Surety. After having spent 10 years in the international fidelity and surety business, where he pioneered and developed a bond department as vice-president of American International Underwriters, Mr. Frost will be returning to Seaboard Surety, where he started his insurance career in 1935.

H. Marshall Frost

His primary duties will be in assisting President G. B. Slattengren of Seaboard Surety on matters relating to the domestic market.

Ronn, Crossin Named To Zurich Sales Positions

Zurich has promoted Evan G. Ronn to sales superintendent at Cleveland, succeeding Richard A. Gallina, who has been transferred to Los Angeles. Mr. Ronn joined the company in 1951 and became a sales representative in 1958.

Ronald H. Crossin has been appointed special risks regional sales representative at Atlanta. He will cover Alabama, Florida, Georgia, Tennessee, Louisiana, Mississippi and Arkansas. Before joining Zurich, he was at Atlanta with Hardware Mutuals of Stevens Point for five years.

Americana Brokerage Sets Up Reinsurance Facilities

Americana Brokerage, Daytona Beach, has commenced business, offering reinsurance facilities on fire and inland marine through a facultative reinsurance pool. Operations will be directed by R. W. Scheld, president, and Clifford L. Manus, executive vice-president and chairman.

Mr. Scheld, formerly secretary and comptroller of Security of New Haven, has had 13 years in insurance accounting, statistical, reinsurance, claims and underwriting functions.

Mr. Manus was formerly with U. S. & Foreign Management. He is president of Americana Crop Hail Pool, and will continue in that capacity.

Minn. Commissioner Issues Caution On Arbitration

Commissioner Magnusson of Minnesota has cautioned insurers that arbitration hearings under the uninsured motorist coverage should be conducted in "any town or city mutually agreed upon by the parties" involved or in a town or city causing the least possible expense in time and travel for all concerned.

He observed there have been complaints that some companies have informed Minnesota policyholders that they must appear before American Arbitration Assn. at its home city of Chicago at personal expense. In one complaint, the policyholder was informed that he would have to stand the entire cost of having witnesses and the physician attend the arbitration hearing in Chicago.

National Bureau, Mutual Bureau and National Assn. of Independent Insurers have cooperated with the Minnesota department in notifying their members of the department's statement.

Insurance Federation of Minnesota, remarking on the success the business has achieved in handling the problem of the uninsured motorist, comments that it should not be necessary for the legislature to consider passing a law compelling companies to write the coverage in connection with liability insurance. Such a bill was introduced at the last legislative session.

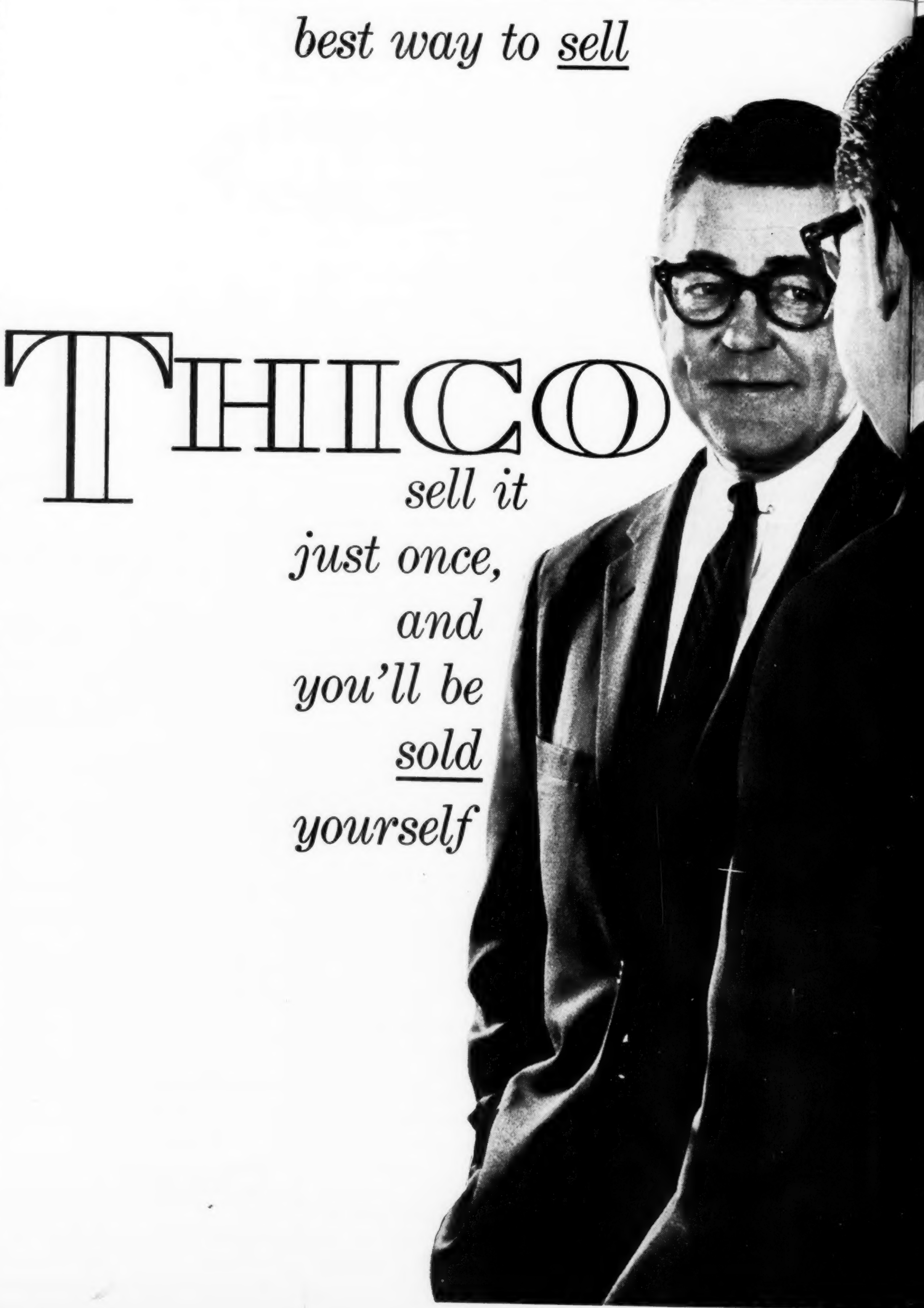
Survey Shows Almost 25% Of All La. Auto Policies Are Cancelled

Another survey of auto policy cancellations in the state has been made by the casualty and surety division of Louisiana Insurance Rating Commission. This covers 22 working days in the month ended mid-April, 1960.

The survey indicates that approximately 23.7% of Louisiana auto policies are cancelled—short rate, pro rata, or flat.

H. P. Walker, editor of the Casualty & Surety Review published by the commission, points out that the survey was completely independent of the first one made two years ago. However, "the findings of both are astonishingly close." The proportion of short rate cancellations has not changed, the proportion of pro rata cancellations has decreased slightly, and the proportion of flat cancellations has increased slightly over the corresponding period of 1958.

In the 1960 test period short rate cancellations of all insurers were 2,511



or 14.1% of all cancellations; pro rata cancellations were 8,760 or 49.3% of the total; and flat cancellations were 6,513 or 36.6% of the total. All cancellations totaled 17,784.

In a typical month, approximately 75,000 daily reports for automobile private passenger and commercial (non-fleet) policies are issued in Louisiana by all insurers.

The figures show that approximately, 3.3% of all Louisiana automobile policies issued are cancelled short rate; 11.7% pro rata, and 8.7% flat.

Md. Casualty Cuts Underwriting Loss, Hits Premium High

Maryland Casualty had an underwriting loss of $887,153 for the first six months of 1960 compared with one of $3,139,298 for the same period in 1959. Written premiums for the six-month period were a record $73,009,239, an increase of $1,833,217. Unearned premium reserve rose by $6,920,770. Policyholders surplus at June 30 stood at $75,374,086, an increase of $3,303,251 over June 30 last year.

Income from investments was $3,099,906, a gain of $173,016 over the same period last year. This gave the company an operating profit of $2,193,751, compared with a loss of $236,830 after six months of 1959. Earnings per share were $2.39 compared with 95 cents, after giving effect to the equity in the increase in unearned premium reserve.

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Mutual Protective of Omaha has been licensed in Montana.

State Farm Records Underwriting Gain Of $22 Million

State Farm Mutual Auto, world's largest auto insurer, last month reached the $600,000,000 mark in assets. Ten years ago, at midyear 1950, assets were $132,238,715.

Earned premiums and membership fees at the end of June totalled $228,472,094 compared with $207,491,452 at the same time in 1959. Investment income for the period was $9,831,465. An underwriting gain of $22,143,533 was recorded. After federal income taxes and dividends to policyholders (mostly in Texas), $27,562,163 was added to surplus which amounted to $183,681,787 June 30.

State Farm Fire & Casualty's direct premium writings climbed 20.8% to $19,557,300 in the first six months. After reinsurance, earned premiums were up 44.3% to $11,187,905. An underwriting gain of $425,584 was achieved. Assets at midyear were $45,210,971; policyholder surplus stood at $13,190,210, and investment income was $677,883 for the first six months.

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Lumbermens Mut. Casualty Names Seven Executives

Three senior executives and four junior executives have been appointed by Lumbermens Mutual Casualty.

New senior executives are John E. Faris, accounting department, Los Angeles; David W. Shull, fire underwriting department, Los Angeles; and Louis G. Wanek, executive underwriting department, Chicago. Appointed junior executives are Victor J. Baer, CBO compensation claim department, Chicago; James C. Corcoran and James J. Levis, executive underwriting department, Chicago; and Donald J. Otsea, data processing department, Los Angeles.

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Tucson Office Established By Hartford Fire Group

Hartford Fire group has expanded its facilities in Arizona with the establishment of a service office at Tucson. The office will cover seven southeastern counties, and the Phoenix office will continue to service the remainder of the state.

The field staff at Tucson will be comprised of Bert M. Shepard for Hartford Accident, Phillip J. Blackman for Hartford Fire, and Major D. Mariott for New York Underwriters and Citizens. William I. Martin will be casualty claims attorney.

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Binder Club Of Baltimore Elects Walbeck President

Binder Club of Baltimore has elected William S. Walbeck, Fidelity & Casualty, president to succeed Frank W. Robinson, Maury, Donnelly & Parr agency.

Other officers elected were Joseph R. Baker of J. Ramsay Barry agency, Philip J. Dubey of Travelers, and Paul E. Keedy of Maury, Donnelly & Parr, vice-presidents; J. Richard Fowler, of Fowler-Leonhart, secretary; Charles R. Snell, Standard Accident, treasurer; and William H. Landon, Bowen, Bartlett & Kennedy, assistant secretary and treasurer.

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Standard Accident has named John F. Motto engineering department supervisor at Chicago.

Conventions

August 7-12, Honorable Order of the Blue Goose, Grand Nest, Sheraton Cadillac Hotel, Detroit.

August 10-11, ABC Service Bureau, annual, Marott Hotel, Indianapolis.

August 10-11, Hoosierland Rating Bureau, annual, Marott Hotel, Indianapolis.

August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 24-27, Federation of Insurance Counsel, annual, Bellevue Stratford Hotel, Philadelphia.

August 25-27, Louisiana Mutual Agents, annual, Capital House, Baton Rouge.

August 25-27, Montana agents, annual, East Glacier Lodge, Glacier Park.

August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.

Sept. 7-9, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.

Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.

Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.

Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.

Sept. 13-14, South Carolina agents, annual, Poinsett Hotel, Greenville.

Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.

Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler-Hilton Hotel, Detroit.

Sept. 15-16, Minnesota agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.

Sept. 18-20, West Virginia Assn. of Mutual Insurance Agents, Jackson Hotel, Clarksburg.

Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assns., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.

Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.

Sept. 21-23, Western Loss Assn., annual, Lake Lawn Lodge, Delavan, Wis.

Sept. 25-27, Indiana Mutual Agents, annual, Hotel Van Orman, Fort Wayne.

Sept. 26, New Jersey agents, annual, Hotel Traymore, Atlantic City.

Sept. 26-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 2-4, Zone IV National Commissioners, Fort Des Moines Hotel, Des Moines, Iowa.

Oct. 2-5, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, combined annual. The Greenbrier, White Sulphur Springs, W. Va.

Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.

Oct. 14-15, North Dakota Agents, annual, Grand Pacific Hotel, Bismarck.

Oct. 16-18, Arizona Agents, annual, Pioneer Hotel, Tucson.

Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.

Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.

Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.

Oct. 23-25, Missouri agents, annual, Governor Hotel, Jefferson City.

Oct. 24, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 24-26, California agents, annual, Sheraton-Palace Hotel, San Francisco.

Oct. 26-28, Nebraska agents, annual, The Town House, Omaha.

Oct. 27, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.

Oct. 27-28, Kansas State Assn. of Mutual Insurance Companies, Holiday Inn. Topeka.

Oct 27-29, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Oct. 30-Nov. 1, Illinois agents, annual, Pere Marquette Hotel, Peoria.

Federal Unit Cuts Trip Cover, Asks Lower Rate At D. C.

Federal Aviation Agency has announced that it will prohibit the issue of more than $165,000 air trip coverage on each person at National Airport in Washington, D. C. This is the only airport operated by Federal Aviation Agency and the limitation would apply only there, though proposals have been made in Congress that trip accident amounts be limited everywhere. The current limit is $425,000, which is considered a possible stimulant to self and plane destruction.

"The casual ease with which insurance of great magnitude can be acquired at airports can be associated, either directly or indirectly, with tragic aircraft incidents," the agency stated.

In calling for bids from insurers, the agency also indicated that it expected such bids to reflect lower costs of policies. These costs it characterized as "inordinately high."

(In May, at a hearing in New York conducted by a subcommittee of National Assn. of Insurance Commissioners, testimony of witnesses indicated that Federal Aviation Agency has in past years had a $215,000 minimum which it charged the insurer for the privilege of selling air trip accident coverage.)

First Ga. I-Day Set

The first annual Georgia I-Day will be held Oct. 14 at the Dinkler-Plaza Hotel, Atlanta, under joint sponsorship of Georgia Assn. of Independent Agents and the Atlanta area association.

Merrett-Adams Training Institute of Shreveport will conduct the day-long program which will take the form of a sales seminar. Gerry R. Holden Jr., Atlanta, is general chairman; Adair McCord, Hapeville, is state chairman, and John Snellings is Atlanta chairman.

Changes At State Mutual Of Flint

H. K. Fisk, president and general manager of State Mutual of Flint, Mich., is retiring after 48 years with the company, beginning as an office clerk. He was named office manager in 1925 and general manager and secretary in 1931. In 1955 he became president. Mr. Fisk is a past president of Michigan Assn. of Mutual Insurance Companies and a past chairman of the farm fire safety committee of National Assn. of Mutual Insurance Companies.

Felix Witt is the new president of State Mutual and Alex B. Little becomes general manager. Mr. Witt has been a director since 1951 and Mr. Little has been secretary since 1955.

New Celina Mutual Claim Office

Celina Mutual group has opened a claim office at Tidewater, Va., with Christopher Culver in charge. The office will service Norfolk, Princess Anne and Nansemond counties. Mr. Culver has been at the home office for 18 months and previously was an adjuster at Dayton, O.

Value Helicopter Hull At $200,000

The Sikorsky S-58 helicopter of Chicago Helicopter Airways which crashed in the Chicago suburb of Maywood July 27 was insured through United States Aviation Underwriters. The hull was valued at approximately $200,000.

Harbor has named John W. Luhring, vice-president Union Bank, a director.

F.&D. Underwriting Profit Maintained

Fidelity & Deposit had an underwriting profit of $899,084 for the first six months of 1960. Premiums written established a record and exceeded 1959 by 11.1%. Net profit after taxes was $1,275,905, or $1.42 a share.

Investment income increased 8% to $959,927. Policyholders surplus was down $1,159,670 to $50,748,387 at mid-year.

Continental Assurance Has Health Plan

Continental Assurance has introduced a guaranteed renewable basic hospital insurance plan which provides four different kinds of basic coverages:

1. A lifetime premium plan with benefits payable for a maximum of 31 days.
2. A paid-up at 65 plan with benefits payable for a maximum of 31 days.
3. A lifetime premium plan with benefits payable for a maximum of 365 days.
4. A paid-up at 65 plan with benefits payable for a maximum of 365 days.

Issued under an individual or family coverage basis, the plans provide for daily hospital benefits up to $25, miscellaneous hospital benefits, and maternity and emergency accident benefits. A surgical rider can be attached for benefits ranging from $200 to $400.

An optional feature of the plans is the availability of no deductible, $50 deductible and $100 deductible provisions applying to the daily and miscellaneous benefits.

Chicago CPCUs Offer Three Scholarships For 1960-61

Three scholarships will be awarded by Chicago chapter of CPCU to students for the CPCU study program at DePaul University for the next academic year.

One scholarship will go to the student with the highest average in Insurance Institute of America examinations and two will be awarded on the basis of academic excellence to students currently in the CPCU program. The scholarships will pay full tuition for the 1960-61 year plus the fee for the CPCU examination next June.

Applications and information may be obtained from Richard C. Keller of Fred B. Keller & Co., 175 West Jackson Boulevard, Chicago.

Winners will be announced prior to registration Sept. 2.

Good Half For Harbor

Harbor of Los Angeles in the first six months of 1960, after provisions for federal taxes, showed a net income of $187,951 and net earnings per share of $1.17. Surplus increased from $1,602,814 to $1,814,766. Expenses were reduced from 46% a year ago to 22.7%.

Cascade of Tacoma has been licensed in Montana.

Marine Office Devises Boat Rescue Form

Marine Office of America is making a safety plan available to pleasure boat insured. The plan has been designed and developed by Marine Office in cooperation with U. S. Coast Guard.

The "float plan" is a form which the boater fills out before he sails and which contains vital information for use in case he becomes overdue.

Rear Admiral Henry C. Perkins, coast guard commander for the eastern area, says that the coast guard receives hundreds of calls throughout the country every week reporting overdue pleasure boats. Frequently persons requesting assistance can supply little accurate information about the craft, its destination, route or general cruising area.

The form contains space to fill in the name and telephone number of the nearest coast guard station or other rescue agency. The name of the boat may be shown, its registry number, length over-all, the color of hull, its power whether inboard, outboard or sail, and the transmission and receiver frequencies of radio aboard.

Information may also be included as to the number of persons aboard, the point and time of departure, destination and date, and estimated time of return, plus the boatman's route or cruising plans.

Zurich Names Scanlon To N. Y. Underwriting Post

Zurich has promoted Joseph W. Scanlon to general superintendent of casualty underwriting at New York. He joined the company at New York in 1941 as an underwriter and became superintendent of metropolitan casualty underwriting in 1959.

Joins Buffalo In L. A.

Buffalo has appointed William H. Wayne multiple lines special agent in the Los Angeles and west Los Angeles territory. He entered the business with a San Diego agency and later joined National of Hartford. He became manager of a general agency of New Zealand on Guam in 1954, and went with Harbor in 1958.

D. C. Managers Pick Bowen

District of Columbia Insurance Managers Assn. has elected Mark G. Bowen, Standard Accident, president. Vice-president is Chester I. Soule Jr., General Accident, and Howard M. Starling of Assn. of Casualty & Surety Companies is secretary-treasurer.

Sen. Wiley Views Majority Report

(CONTINUED FROM PAGE 1)

this must be kept in mind before any undertaking to weaken the U. S. system of diffused powers.

Yet, in examining the insurance business, the majority report continuously praises the value of centralized regulation and controls as against state supervision, Mr. Wiley writes. Instead of searching for means for a better state-federal balance, the report frequently tends to emphasize the need for the abolition of the state's role in the regulation of insurance. This it does despite a record of improved state regulation of insurance in recent years, and without indicating where the federal government is to get the manpower and talent for a better system of centralized insurance regulation.

"To cure some of the report's sins of commission and omission," Sen. Wiley adds "a few balancing thoughts and interpretations." He stresses the important role that the insurance business plays in this country. It is a multi-billion dollar business in the U. S.—indeed, the whole American economy and way of life are very much dependent on the services rendered by the insurance business. Insurance provides economic protection; it also provides peace of mind.

High Performance Standards

In this age of search for security, it is most important that companies selling this type of security conform to high standards of professional performance and make their services available to the people most effectively and cheaply.

This is the philosophy Sen. Wiley applies in evaluating the accomplishments of the business and the control to be properly imposed upon it by the government.

He states that on past performance, the American insurance business has kept up with new types of economic needs and provided protection required by a growing and changing economy; it has maintained a good record of living up to its outstanding obligations to policyholders, and its cost has been reasonable.

Proves Stability

Testimony before the subcommittee clearly demonstrated the increasing flexibility and elasticity of the business in coping with changing situations to produce the protection where needed, Sen. Wiley finds. The record of the business, though containing a serious number of business failures, nevertheless proves its tremendous stability, compared with American business generally. The testimony before the subcommittee further proves the ability of U. S. insurance to compete with older and more experienced companies and combines in countries with a long tradition of finance and insurance.

Sen. Wiley contends that the subcommittee's claims that the states have not dealt effectively with mergers are simply not borne out by the testimony. There is less concentration than there was 20 or 50 years ago and more competition.

States Should Heed

Most of the recommendations made by the majority will have to be carried out by the state since the federal government has no authority over state insurance departments, Sen. Wiley observes. While such improvements do not properly fall within the jurisdiction of the anti-trust committee, Sen. Wiley believes that the states will do well to heed the subcommittee's comments, so as to make certain that the states are permitted to continue in the effective discharge of their duties and that no federal controls will be necessary.

The major question before the subcommittee and subsequently before Congress is the sufficiency of insurance regulatory statutes and practices of the states. State controls at times have been criticized as not sufficiently effective. It is necessary that all concerned remember that public law 15 was an invitation to the states to regulate insurance in the public interest. This law did not intend to legalize monopoly but sought to prevent it

through state rather than federal supervision. Now that public law 15 has been in full effect for 12 years, it is appropriate to reopen the question of whether or not the states can do the job and whether or not more federal supervision is necessary.

On the basis of the evidence gathered by the subcommittee, Sen. Wiley believes that the states certainly have demonstrated their inherent ability to cope with the problem. Improvements in state machineries may be necessary, along with closer cooperation between commissioners, and more militant central planning and coordination through National Assn. of Insurance Commissioners.

Aviation Business

In its report the majority is most critical of the situation in the aviation insurance field. The subcommittee states that in 1943 Civil Aeronautics Board criticized the concentration of the aviation insurance in the hands of only three competing pools. Yet, despite the phenomenal growth of the commercial aircraft industry in the intervening years, only two pools or syndicates now exist. It is the subcommittee's view that this situation virtually eliminates rate competition.

The subcommittee is critical of the fact that no appropriate reinsurance facilities have been developed in the U.S. and that the American pools currently are reinsuring a very large percentage of their business abroad. The majority report asserts further that the present aviation insurance syndicates restrict the entry of new applicants, discourage the writing by members of aviation business outside the pools, and in general pursue policies designed to discourage the emergence of additional and competing American insurance facilities in this area. That report endeavors to show that exemptions from federal anti-trust laws afforded the business generally, do not appropriately relate to aviation insurance because the latter, of necessity, involves operations beyond the borders of any given state.

Although Sen. Wiley concedes that aviation insurance is intrinsically different from fire, life, and casualty in that it tends more often to cross state lines, he is not certain that this necessarily calls for federal controls. Also, he does not feel that the limited testimony offered before the subcommittee is sufficient to justify the extreme conclusions about the ineffectiveness of state regulations contained in the subcommittee report. Sen. Wiley states that much more evidence would be required before any determination could be made as to the success of the present state regulatory procedures.

Competitive Situation

The easy availability of foreign insurance markets to U. S. airlines certainly creates a competitive situation whereby American insurers are prevented from establishing unreasonable rates, he writes. Also, a great degree of coordination is necessary by the U.S. aviation insurance industry if it is to survive the stiff competition of experienced foreign insurance interests. It is apparent that the strengthening of the domestic aviation insurance may require long-term planning and coordination. The national interest may possibly require that domestic aviation insurance be afforded with legislation similar to that contained in section 29 of the merchant marine act of 1920 so that through the more efficient organization of syndicates it could better compete with insurance services offered by foreign combines.

The subcommittee concludes that the extremely low loss ratios in air travel insurance suggest that the companies are reaping unreasonably high underwriting profits and that passengers are paying excessive premiums. The subcommittee states that the only competition in this area, instead of providing cheaper rates to the buyer, results in the payment of enormous rentals to airports. Again, the subcommittee concludes the state insurance officials are completely unable to cope with the complex business affairs of interstate aviation insurers.

Premiums Questioned

Whether or not the premiums for air travel insurance are reasonable is not easily answered, Sen. Wiley says. The business has had a short history and there are no final answers. A low loss ratio may continue until catastrophic accidents change the picture. To conclude now that rates charged are unreasonable may be subject to serious actuarial criticism. But even the short history of this insurance should not prevent the industry and those authorized to regulate it from constantly evaluating rates to make certain that the consumer is given the broadest coverage at the most reasonable rates.

Furthermore, in this case, as in the case of aviation insurance generally, the interstate nature and national interest of the business is such that constant congressional awareness and reexamination may be necessary to maintain a proper state-federal balance and to determine whether stronger federal measures may be necessary.

Ocean Marine Cover

The subcommittee report charges that in the 40 years which have elapsed since Congress granted a limited exemption from the anti-trust laws to marine insurance, in section 29 of the merchant marine act of 1920, only a single syndicate came into being and this syndicate has virtual monopoly of all hull business underwritten in the U. S. The majority report states that the rules under which this syndicate operates restrict the freedom of membership in the syndicate, discourage price competition, and confine the business by centralizing all the underwriting facilities in a single office. The report commends that these findings of the subcommittee be referred to the Department of Justice for appropriate action so that the department can determine the need for repeal or revision of section 29.

Sen. Wiley is surprised at the latter recommendation. For many years Congress has been all too willing to step into situations which are not appropriately within its domain. For the legislative branch now to relinquish a duty which properly belongs to it—to determine the need for legislation—and ask an executive department to do the job, is certainly not comprehensible.

The subcommittee report also calls attention to a study of the marine insurance industry by Federal Trade Commission, conducted between 1950 and 1956. On this the subcommittee comments that the commission was dilatory in its disposition of the matter. Furthermore, its failure to refer the evidence of possible Sherman act violations to Department of Justice was a serious breach of duty since the evidence involved possible restriction of the foreign commerce of the U. S. which traditionally is proceeded against under the Sherman act.

Congressional Intent

This charge completely disregards the history of the American marine insurance and the proper jurisdiction

of the executive departments involved. Prior to 1920 there was no adequate American marine insurance market. Because of this, American shipowners were at the mercy of the foreign insurance markets. After four years of consideration, Congress in 1920 established a national policy directed to fostering, enlarging, and strengthening the American merchant marine and auxiliary services, including insurance. For this purpose, section 29 of the merchant marine act of 1920 authorized collective action by the marine insurers—in spreading marine insurance risks—and made such collective action exempt from the anti-trust laws.

Success Shown

In the years that followed, American Hull Insurance Syndicate has developed to a point where it can cover up to several million dollars on any risk. This success is due to exemption of marine insurance from the anti-trust laws to permit close cooperation between all American companies, the creation of a unified American market, and the establishment of a central underwriting office. The rules of the hull syndicate were designed to preserve its independence from domination by foreign insurers. Concerted action of the syndicate still remains necessary to keep a unified American front. This Congress recognized as an inevitable conclusion of its 1920 legislation. The syndicate can certainly not be subject to criticism for carrying out those policies that were authorized by Congress.

Possibly, Sen. Wiley comments, the time has come to evaluate this early policy. There are those who feel that it now may be in the public interest to increase the number of marine insurance syndicates to give shipowners the benefit of more competition. But it is likely that such a development would weaken the ability of the American market to compete with the British and other foreign markets.

State Of Competition

However, he noted, approximately 50 other marine insurers have been able to enter and stay in the hull business. More than 10% of the hull insurance in the U. S. is being sold outside the syndicate.

The majority report refers to a number of restrictive agreements in the business which should have been proceeded against under the anti-trust laws. As to FTC's conclusion that no public interest would have been served in 1956 to issue a complaint based upon practices existing in 1946 and 1947, when such restrictive practices were no longer being employed, there was no reason to refer it to Department of Justice, according to Sen. Wiley. FTC did, however, forward its files to Department of Commerce and later made them available to the anti-trust subcommittee.

Sees Criticism Unjustified

To criticize FTC at this time for neglect of duty seems to Sen. Wiley totally unjustified. Also, he says it is not up to a subcommittee of the Senate to engage in law enforcement and to draw conclusions over-riding the professional findings and conclusions of a responsible executive department.

Sen. Wiley suggests that the subcommittee report is being utilized to prove a preconceived notion as to the superiority of federal over state insurance controls. He asks what guarantees there are that the federal government can do the job better.

Despite the special nature of the insurance business, Sen. Wiley believes it is necessary that a greater degree of competition be encouraged in it. This is primarily a state function. Yet, because of the interstate aspects of insurance, it is necessary that the federal government continue its constant reevaluation of state insurance functions, to make certain that the state-federal partnership in this field be successfully carried out for the benefit of both the insurance industry and the industry buyer.

Agents Asked To Aid Athletics

Members of Insurance Agents Assn. of Kansas City are urged in the organization's July bulletin to give support to the Kansas City Athletics.

The baseball team is described as being faced with a crisis, and the agents are advised that they can help by buying tickets and attending the games, one suggested method being by way of an office party.

Chicago Board To Be Reborn As Leader

(CONTINUED FROM PAGE 1)

which was to be announced at this time for the approval of the membership.

One of the first acts of his administration, Mr. Bartholomay explained, was the appointment of a steering committee to decide what to do to preserve the board. This group of more than 20 members turned out to be a little unwieldy, and a smaller four-man unit was appointed from the parent group to formulate an action program. This small group met "many, many times" in order to study what other boards across the country are doing, what changes could be made, etc. The recommendations of this group were given to the steering committee and, slightly modified, were presented by Mr. Bartholomay to the membership. He said:

—The Chicago Board must survive as a strong trade association or, alternatively, find representation for Chicago metropolitan producers through Illinois Assn. of Insurance Agents and NAIA, and the alternative, he indicated, would not meet all the needs of Chicago members.

Has Strong Base

—The board is 111 years old and has a strong base on which to build, but Mr. Bartholomay said "the strengths of today can drain away" if the board is not reorganized to meet the needs of the times. It should be truly representative of the selling end of the agency system in Chicago, as it once was, but it has not kept up with the business.

He said every member should be a voting member, agent or broker, large or small, and that all types of members should have representation on the board of directors.

Every agent member should have co-extensive membership with Illinois Assn. of Insurance Agents and the national association.

The definition of agent-member needs to be broadened.

Adding Members Encouraged

Dues should be as drastically reduced as can be without curtailing the level of service, while great effort should be made to add membership in order to provide additional financing.

The constitution and by-laws must be rewritten in order to make such changes possible.

Sanford H. Lederer, Stewart, Keator, Kessberger & Lederer, one of the members of the four-man unit of the steering committee, offered some ideas on what the goals and meaning of a trade association ought to be to its members, based on what his group had been able to determine after writing several other local boards and talking to members and former members of the Chicago Board.

The goals of a trade association such as the Chicago Board, Mr. Lederer said, should include encouraging a professional approach; preserving the agency system; assisting in compliance with insurance laws; providing services to members which will enhance their standing with the public; assistance with legislation designed to help members and the public, and the providing of a forum for airing differences and settling disputes within the business.

Mr. Lederer said the meaning of a trade association ought to include to its members information on legislative activities; interpretive bulletins on new lines of insurance or other developments; a central information office; a source of supply for minor sales aids such as stickers, etc.; a means of obtaining a group life and group hospitalization program for members; a series of regular meetings with speakers or panels on interesting or important insurance subjects; bulletins during legislative sessions; a scholarship program, and the establishment of an insurance man of the year award within the membership.

Past President's Remarks

Reaction to the administration program from a past president was offered by Edwin P. Simon of Critchell-Miller, who remarked that the Chicago Board has a standing across the country that can be maintained only by a forward-looking program. Local boards in other cities are interested in what Chicago thinks and does about issues, Mr. Simon said, and a revitalization in Chicago will be of significance to local boards elsewhere.

Comments from the standpoint of Illinois Assn. of Insurance Agents were given by Frank Miley of Alexander & Co., chairman, who pointed out that the "bold and rather heroic" plans of the Chicago Board have meaning because they were drafted by an administration after it was elected and not before.

Important To State

The proposal to make the Chicago Board a strong trade association and a significant unit in the system of associations of which it is a part—Illinois and other state associations and the national association—is important to the state, Mr. Miley said. The Illinois association has 1,600 members, of whom only 74 are from Cook County. A broader membership in Chicago with a common membership in the Illinois association will provide a fund of talent and an additional financing for both organizations, he pointed out.

The secretary of three weeks, E. F. Gallagher, was given a nice round of applause when he was introduced.

He said the enthusiasm and devotion the officers have shown for the cause of the Chicago Board in sacrificing time and talent to a task which might be considered extra-curricular and which cannot produce for any of them individually a single extra dollar, went a long way toward convincing him that leaving the desk of a company executive to take on the job of trade association secretary was a move which would be stimulating and challenging.

As a speaker who has said frankly in the past what he thought about the shortcomings of certain types of producers, Mr. Gallagher said he has been questioned on how he could "change" and become identified with an agent association. "Believe me," he said, "that necessitated no change whatever in my thinking. I have never, as a com-

pany man, offered any criticism of the practices of some types of producers which I would hesitate to repeat as a representative of a group of professional and ethical agents and brokers."

The upshot of the two-hour meeting was a unanimous vote of confidence offered by John Naghten of John Naghten & Co. and seconded by Allan I. Wolff of Associated Agencies. Mr. Wolff's seconding remarks were roundly applauded, because he, as one of the old-timers with a long record of service, acknowledged that a youth movement has taken over and is providing the strength of leadership to reestablish the board.

The vote of confidence means that the steering committee can redraft the constitution and by-laws and make its program possible. It will be some months before this paper work is accomplished and approved, but in the meantime, other phases of the rejuvenation will be in process.

Elect New Directors

At the start of the meeting, before Mr. Bartholomay unveiled the administration plans, the members conducted the only formal business on the agenda, the election of three new directors and the formal election of Mr. Gallagher as secretary. The new directors are S. H. Lederer; Carl Herbst of Great Lakes agency and Philip L. Cochran of Alexander & Co.

Road Aid, the board's road towing service which offers a contract feature that is a competitive weapon in dealing with direct writers, has a new set of officers, headed by L. R. Fisher of Rockwood Co. Vice-president is Mr. Lederer; treasurer, E. J. Clements of Marsh & McLennan, and secretary, Mr. Gallagher. Mr. Bartholomay is assistant secretary.

Mr. Fisher reminded the agents that they have a sales tool available to them which has not been sufficiently utilized, and he provided order forms so that more of the agencies could participate in Road Aid.

IMIB Rule, Rate, Form Changes Are Approved

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be based on the fire contents and extended coverage rates—both on the highest coinsurance basis—plus an annual loading of 20 cents per $100 regardless of duration of risk. All risks must be submitted to IMIB for rating. The filing is not yet approved in Hawaii, Maryland, Puerto Rico, Tennessee and Texas.

Rule and rate changes on registered mail coverage, and rule changes on jewelers block have been approved except in Hawaii, Maryland, Puerto Rico and Tennessee, and in Texas on registered mail. Rule changes on first class mail have been approved except in Maryland, New Jersey, Puerto Rico and Tennessee. The class is not filed in Hawaii and Texas.

Also approved is a filing for territorial provisions and exclusions on the following forms: Camera and musical instrument dealers; dealers; equipment dealers; floor plan merchandise; furriers block; furriers customers; garment contractors; horse and wagon; neon signs and theatrical floaters. The filing is not approved in Hawaii, Maryland, Puerto Rico and Tennessee.

Security, F.&D. Bid For New Amsterdam

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working on a Fidelity & Deposit merger for several weeks," he said.

He added that New Amsterdam people were paying no attention to the Security offer. "We want to keep the company in Baltimore," he stated.

The Security offer would exchange 1½ shares of Security stock for each share of New Amsterdam. The stock of both companies has been selling for about $53 recently. The offer would be good for only the first 405,000 shares of New Amsterdam tendered.

This figure represents 81% of outstanding New Amsterdam stock, and if reached would make it possible to merge the two companies without any capital gains tax for New Amsterdam stockholders. The figure also represents the maximum possible amount of shares Security can absorb without changing its own authorized shares outstanding. Security can issue 506,250 additional shares under the present authorization.

The Security offer of exchange will expire Oct. 14, but may be extended. Although the offer specifies that 51% of New Amsterdam stock must be tendered, Security has the option of lowering this provision. John C. Legg, New York investment banker, is the dealer manager of the proposed exchange, and the depositories under the offer are Empire Trust Co. of New York and the Baltimore National Bank.

The Security offer has the advantage of being already filed and a price decided upon. On the other hand, support will certainly be found for the New Amsterdam-F.&D. offer among those close to New Amsterdam.

Broker Has 50,000 Shares

One of the largest blocks of stock in New Amsterdam, held until recently by Insurance Securities Trust Fund of Oakland, has been sold to a Baltimore broker. These shares total 50,000, or 10% of the New Amsterdam outstanding stock. New Amsterdam officials say that the shares are in the hands of people sympathetic to the New Amsterdam-.F&D. merger. It was understood that the shares were picked up for about $55 per share. Neither Security nor F.&D. is said to hold any New Amsterdam stock on its own.

Another question concerns the treatment of New Amsterdam under the merger proposals. In the case of Security, the proposal lists a series of advantages to stockholders of New Amsterdam in case of a New Amsterdam-Security merger. Security would offer to the merged group a life subsidiary, a merit auto plan, a substantial book of fire and allied business, and budget plans.

The proposal also points out that the president of Security, E. Clayton Gengras, has had great success at making insurance companies profitable, and could offer to New Amsterdam this experience. The combined loss and expense ratios of Security have been steadily reduced under Mr. Gengras' management from 118.3% in 1957 to 92.4% in the first quarter of 1960, the exchange plan shows. Combined loss and expense results for the five years ended with 1959 were 85.9% for F.&D., 104.3% for New Amsterdam and 104.6 for Security.

On the other hand, F.&D. can be expected to point out excellent reasons for a New Amsterdam-F.&D. marriage. There would be little overlap in the two companies in underwriting areas, since F.&D. is mostly a fidelity and surety company, while New Amsterdam primarily writes casualty business. F.&D. has a strong capital position in relation to net premiums written, while New Amsterdam does not.

If a New Amsterdam-F.&D. merger takes place, the combined group, including U. S. Casualty, a New Amsterdam subsidiary, would have $105 million in earned premiums, and $94 million in surplus, based on 1959 figures.

If a New Amsterdam-Security merger is made, the group, including Connecticut Indemnity, Founders and Fire & Casualty of Connecticut, would have $115 in earned premiums and $68 million in surplus.

Texas Mutual Agents To Meet Aug. 15 At Galveston

The program has been prepared for the annual convention of Texas Assn. of Mutual Insurance Agents at Galveston Aug. 15-17. The first day will be given over to committee meetings and a reception, and the main sessions will begin Aug. 16 with election of new officers. The Texas 1752 Club will meet that morning, as will the Houston Mutual Insurance Women's Assn. Norris C. Flanagin, president Lumbermens Mutual Casualty, will address the luncheon on "The State of Mutual Insurance."

Talks will be given in the afternoon by F. A. Beckford, president Lumber Mutual Fire, on "Automation;" J. H. Crawford, president Crawford & Co., on "Public Relations—High Verdicts and the Adjuster's Position in Regard to High Verdicts," and G. Sherman Blair, vice-president-secretary Middlesex-Lynn Mutual.

On the final day the speakers will be W. A. Stringfellow, general manager of NAMIA; G. W. Hilbrandt, immediate past president of the New York association; Otto C. Lee, vice-president Harleysville Mutual; E. B. Collett, president Millers Mutual Fire of Texas.

The afternoon will be given over to a forum on agency management that will be moderated by James K. Ruble, a director of the Texas association.

Wabash F.&C. To Write Buses For Markel Service

Markel Service of Richmond, Va., will insure bus risks through Wabash Fire & Casualty of Indianapolis. Truck operations serviced by the Markel organization are insured by Allstate. Established in 1953, Wabash F.&C. is licensed in 30 states but is proceeding to extend its operations. All Wabash F.&C. buses insured will receive Markel safety engineering service.

Ill. R. B. Jones Names Woodward In Production

John W. Woodward has joined the production department of Illinois R. B. Jones. For the last three years he has traveled eastern Missouri and southern Illinois for the Norwich-Scottish group. Prior to that, he was with Reliance and Western Adjustment.

Honor Kingsley At St. Louis

Thomas Kingsley, manager fire and marine for Travelers at St. Louis, was honored at a luncheon given by friends and associates on his retirement. He became manager in St. Louis in 1928, after serving previously in the same capacity at Cincinnati. A graduate of Illinois Tech, he entered the business in 1920 with Kentucky Actuarial Bureau. In 1923, he joined National Fire as an engineer in Chicago. He became manager of Travelers at Cincinnati in 1926. Mr. Kingsley is a past president of Missouri Fire Prevention Assn. and Missouri Capital Stock Assn. and has long been a discussion leader in the courses sponsored by Insurance Board of St. Louis.

He comes from a family which has been active in the insurance field. An uncle, the late William Weir, was a partner in the old Weir & Meier agency at Davenport, Ia. A brother, Philip F., is manager at Albuquerque, N.M., of Fireman's Fund, and another brother, William E., is a general agent at Lexington, Ky.

Editorial Comment

Is The Cyclical Pattern Disappearing?

Some observers believe that for several reasons the cyclical pattern of the business is disappearing. Certainly it has been greatly reduced in effect. The cyclical character of the business, particularly fire, was engendered by the gradual deterioration of experience, an adjustment in rates, and the improvement in experience as the effect of rate increases gradually was reflected in company results. The improvement on the loss side was felt for a considerable period and tended to enable insurers to "get well."

But the increasing combination of fire and casualty has brought counteractive forces to bear on experience. Automobile and assigned risks have acted as anti-cyclical influences. But the strongest counter-force has been the sharp acceleration in competitive pressures. These are operating to replace the cyclical pattern with a pattern of their own, much of it contrary to the old time leisurely progression down the slope of experience and up the ramp of increased rates.

Some comments on this change in the business were written by Clarke Smith, U. S. manager of Royal-Globe, in his annual review earlier this year. In substance he stated:

Any optimistic view of the future should be tempered somewhat by realistic considerations. Insurance executives and security analysts are both fond of saying that "insurance is a cyclical business." However, probably the most that the remark ever intended is that insurance is governed to substantial degree by the law of large numbers and over a period of years its results should average out in a fairly even line. Now that most companies are showing better underwriting results, this cyclical description of the business is reappearing in company reports and surveys. In the light of the many new forces now at work in our business, I think the doctrine requires some reinterpretation.

For example, there was a time not long ago when it might have been said that there was something cyclical about fire insurance results, this being attributable to the fact that fire insurance rates through the years proved reasonably responsive to changes in loss experience. Today, however, the forces of competition in all lines of fire insurance do not permit such rapid adjustment of rates in times of adverse loss ratios and, in fact, rates seem constantly to be trending downward regardless of experience. Particularly is this evident with respect to homeowners and other package forms of coverage.

Another unpredictable aspect of fire insurance is the impact of windstorm losses. It would be foolish to ignore the fact that, while our greatest dollar profit was on straight fire business, the favorable result in the fire pool as a whole last year would not have been possible except for the absence of catastrophic windstorm losses. The presence or absence of severe windstorm losses has now become a principal determinant of whether an underwriting profit or loss appears in the so-called fire column of even the most successful companies in the insurance business.

Automobile insurance, ever since the end of World War II, has been extremely volatile from the standpoint of underwriting experience. Under the stimulus of modern legislation it has become even more so. There are many contributing causes but the greatest by far is the depressant effect of assigned risk business. Intensified competition, accompanied by increased selectivity of risks, has made it difficult to maintain rates at an adequate level. Social and political aspects of automobile insurance have given rise to influences which never before existed and which refuse to be governed by any traditional cyclical pattern.—K.O.F.

Personals

J. Harry Schisler, executive vice-president and a director of Fidelity & Deposit, is celebrating his 50th anniversary with the company. He has the longest service record of anyone active in F.&D. He is a recognized authority on surety law and is active in the insurance section of American Bar Assn. He was in charge of the company's claim and salvage department for many years. Named first vice-president in 1950, he was elected a director in 1952 and executive vice-president in 1954.

James B. Donovan, of Watters & Donovan, New York and Washington attorneys, has been elected commander of the Michael E. Clavin Post No. 1408 American Legion, Brooklyn, N. Y. He is a charter member of the post and previously served as its judge advocate and vice-commander.

Among the insurance men attending the Republican National Convention last week in Chicago was **Remi Plourde** of the Plourde agency, Manchester, N. H., who served as assistant sergeant-at-arms.

Carleton I. Fisher, of Providence, past president of Rhode Island Assn. of Insurance Agents and active in NAIA affairs, and Mrs. Fisher are the proud parents of a baby boy, Dwight David.

Deaths

C. R. TOBIN, 59, manager at Cleveland of Aetna Fire, died. He has been with the company since 1923, traveling in the Minnesota field from 1927 to 1932 and in Illinois from 1932 to 1937 when he went to Cleveland. He was promoted to manager at Cleveland in 1947.

WALTER Z. HARRIS, 69, veteran local agent at Kalamazoo and a past president of Kalamazoo Rotary Club, died at his home.

HERMAN I. EPSTEIN, 79, who operated an agency in Hartford, Conn., from 1910 until his retirement six years ago, died at St. Francis Hospital there.

PETER J. HUCKE, 65, fire department manager of O'Brien & O'Brien agency, New York, died while on vacation near Cape Cod. He had been in the business for about 40 years and was with London Assurance prior to joining O'Brien & O'Brien in the early 1940s.

GERALD J. HUGHES, 57, a director of Lloyd, Armstrong & Ramsey, brokers of Dublin, died there. He was a past president of Insurance Institute of Ireland. The funeral attendance included Hamilton Lowry, president of the institute, and P. A. Cowman, president, and B. Hamilton and R. G. Duggan representing Corporation of Insurance Brokers of Ireland. Mr. Hughes was a brother-in-law of Sean Lemass, Prime Minister of Ireland. The funeral was attended by several members of the Irish cabinet.

FORD W. ALLEN, 57, a methods analyst of Liberty Mutual, died at Newton-Wellesley (Mass.) Hospital after a lengthy illness. He has been with the company 22 years.

W. G. THEOBALD, 86, a local agent at Archbold, O., from 1922 until his retirement in 1958, died after a brief illness.

GUY E. BEARDSLEY, 86, retired senior vice-president of Aetna Fire, died at his home in Hartford. He joined Aetna Fire in 1896, went with National Union as Pittsburgh special agent in 1902 and joined Home as special agent in 1903. He returned to Aetna Fire in 1907. He became assistant secretary in 1907, and served as a vice-president from 1919 until his retirement in 1950. He had spent 54 years in the business, 51 with Aetna Fire. He had served as chairman of National Automobile Underwriters Assn.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. La Salle St., Chicago, August 2, 1960

	Bid $	Asked $
Aetna Casualty	86	89
Aetna Fire	90	93
American Equitable	39	41
American, Newark	27¼	28¼
American Motorists	13¾	15
Boston	31½	32½
Continental Casualty	66	67½
Crum & Forster	63½	65
Federal	58	59½
Fireman's Fund	53½	55
General Re.	110	115
Glens Falls	34½	35½
Great American	45	46
Hartford Fire	49½	51
Hanover	42½	44
Home of N. Y.	57½	58½
Ins. Co. of No. America	63	65
Jersey Ins.	31½	33½
Maryland Casualty	38½	40
Mass. Bonding	38½	40
National Fire	120	130
National Union	37½	38½
New Amsterdam Cas.	55½	57½
New Hampshire	51	52½
North River	37	38½
Ohio Casualty	23	25
Phoenix, Conn.	80½	82
Prov. Wash.	22	23
Reins. Corp. of N. Y.	22	23½
Reliance	51	53
St. Paul F. & M.	56½	58
Springfield F. & M.	32½	33½
Standard Accident	49	51
Travelers	87½	89
U.S.F.&G.	43	44½
U. S. Fire	29	30½

A Few Copies Of Lloyd's Cartoon Book Available

A limited number of the recent book, "Llaughter at Lloyd's," published for private distribution, are available on a first come, first served basis.

The book contains a collection of insurance drawings, with Lloyd's as their locale, by the English artist H. M. Bateman. These are accompanied by thumbnail sketches and descriptive text, which make the book a unique insurance item.

A copy may be secured by writing immediately to Stewart, Smith & Co., 116 John Street, New York 38, N. Y.

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C. T. Hynes has joined Thomas M. McElveen & Sons adjusters as an associate at the home office in Miami. Mr. Hynes has been in the business for 30 years, most recently as general adjuster of General Adjustment Bureau.

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Credit Disclosure Measure Seen Possible

(CONTINUED FROM PAGE 2)

ance plans "represent nothing more than a drastic attempt to curtail or impede the progress of the so-called cut rate, specialty, or direct writer companies," and it is becoming more and more apparent that the "current cloak of responsibility surrounding these plans is fast becoming a rather ill-fated strait jacket," Fred Boehm, vice-president and general counsel of St. Louis Insurance group, charged.

"Certainly that seems to be the case in Texas where only one plan may be used, the compulsory Texas safe driving plan. In Texas the rates are promulgated by the board and are uniform for all companies, regardless of the operating ability of the company," Mr. Boehm declared.

Al Goldsmith, editor Washington Insurance Newsletter, cited a number of current issues of principal importance to the credit insurance field, among these the measure to establish a federal credit disclosure act.

The bill, sponsored by Sen. Douglas of Illinois and as approved by the subcommittee, requires disclosure of finance charges in terms of simple annual interest, and—of concern to credit insurance circles—any other charges, however labeled, "if they are incident to the extension of credit," Mr. Semer emphasized.

Is Insurance Incident To Credit?

The problem to be resolved as far as credit insurance is concerned is whether or not it represents a charge "incident to the extension of credit," as defined by a set of criteria in the bill. The principle rule of thumb used to decide what a charge represents is "whether the borrower is required to pay the charge as a condition of obtaining the credit."

Mr. Semer, who first pointed out that the committee still has come to no final conclusions about how to treat credit insurance, said that one line of reasoning which follows the criteria holds that standard automobile insurance is not incident to the extension of credit, even though required by the lender, because it is an expense a car buyer would normally incur whether he borrows or not.

On the other hand, credit A&S or credit life, so the same reasoning goes, would seem to be part of the finance charge because both are "expenses which would not normally have been incurred if the debtor did not obtain credit, cover only unpaid balance and terminate when the loan is paid and are primarily for the benefit of the creditor," Mr. Semer said.

Other features of the program included a panel discussion of general operating problems in the credit insurance field, especially the critical loss ratio question; an address on "Catastrophe Reinsurance and Your Company" by Beaumont W. Wright of Towers, Perrin, Forster & Crosby, Philadelphia; a panel discussion on penetration and underwriting of substandard risks, and an address on legal problems in credit life claims procedures by John Lehihan, general counsel Volunteer State Life.

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Platts Agency Expands

Charles L. Platts agency of Detroit has purchased Detroit National agency. All offices are now in the Penobscot Building. Raymond C. Johnson, formerly with Royal-Liverpool group, has joined the Charles L. Platts staff and will manage the Detroit National division of the agency.

Edwin T. Piotrowski, with the agency since 1948, was recently promoted to lieutenant colonel in the marine corps reserve. He served as a dive bomber pilot throughout World War II and in Korea and is the possessor of the Distinguished Flying Cross.

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Hammer Heads Casualty Managers Of Cincinnati

Hoyt M. Hammer, U.S.F.&G., has been elected president of Assn. of Casualty & Surety Managers of Cincinnati, succeeding John W. O'Connor, Hartford Accident. Grant P. Emerick, Fidelity & Deposit, moved up from secretary to vice-president, the post formerly held by Mr. Hammer. The new secretary is J. J. Mulcare, Aetna Casualty.

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Sundin In New Post

Robert E. Sundin has been advanced by State Auto of Indiana to agency department manager for Indiana succeeding Clyde Secrest, who is retiring but will serve in an advisory capacity and handle special field assignments.

Mr. Sundin joined State Auto in 1953. As a management trainee he handled a variety of assignments in the claim and underwriting departments and in the controller's section.

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Roberts Retires In Cal.

Urban H. Roberts, special agent of Hartford Accident at San Jose, Cal., is retiring after 37 years with the company. He has traveled the San Jose territory since 1927.

Mr. Roberts will be succeeded by William M. Eversz, who has been special agent for Montana at Great Falls since 1953.

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Joins White & Camby

George P. Jenkins has joined White & Camby, New York agency, as production manager. He was most recently with Hoey, Ellison, Frost, Mezey agency in New York. Before that he was with Joerns & French and with W. L. Perrin & Son. He also had his own agency for many years.

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Mutual Bureau has reduced BI rates for M&C 2.6% in Michigan, effective July 27. In Virginia, the bureau has increased BI rates for OL&T area and frontage classifications 15%, effective July 27, and has revised storekeepers' liability rates to make them at least 10% more than the combined BI-PDL rate for corresponding OL&T classifications.

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New officers have been elected to head the **Chaddock, Winter & Alberts agency** of Muskegon following the death of Fred C. Kampenga. Russel C. DeWald is president, and F. L. Winter, whose agency was merged with the two others in 1930, continues as chairman. D. M. Lowing was advanced to vice-president and secretary, and John N. Rose becomes 2nd vice-president. J. J. Hockenga continues as treasurer and P. O. Johnson Jr. as assistant secretary.

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Carpenter & Marchesseault agency, Canterbury, Conn., has been formed by a merger between Henry J. Marchesseault of Mossup, Conn., and Nelson L. Carpenter of Canterbury.

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Marvin R. Gumm has been elected executive secretary of **Retail Lumbermens Mutual** of Milwaukee. He has been with the company since 1949, for the last two years as assistant secretary.

Minor Traffic Cases Threaten Merit Plan

(CONTINUED FROM PAGE 4)

present but the motorist and the arresting officer; or stopping a motorist for going more than 35 m.p.h. at the entrance to a small village, when, not more than 200 feet back, the legal rate, evidenced by a sign to the right of the road is 50 m.p.h., and it is impossible for anyone to slow down within the short intervening distance to the lower limit, if he wants to escape arrest.

One of my best friends and customers—a manufacturer in his early sixties, well-to-do and highly respected in business and social circles, is definitely not a speeder. His was the third of five cars that were moving along on one of our principal arteries in the suburbs, at a rate of speed that seemed reasonable to all. In fact had he been going any slower, he probably would have irked the two behind him, so that they might have attempted to pass to the left, perhaps get in the way of on-coming cars, and cause the very thing we are all seeking to prevent—an accident.

Picks The Cadillac

After this cavalcade had gone some distance, a traffic officer stepped out into the middle of the road and made it a particular point to direct my friend, who drives a late model Cadillac, to the curb. The other four cars, including the two behind, went merrily along, perfectly oblivious to the fact that they, too, were in the same boat as Motorist No. 3. But they escaped arrest, because even a traffic officer can't very well handle more than one case at a time, and he was clearly out to "bag" the biggest of the game. Result, my friend had to pay a fine of $5 for driving 32 miles in a 30 mile zone. No pedestrians, very little traffic on an open highway, but a speed trap. This man now has a zero rating for points. But for the next three years he is going to have a 1-point rating, which in Ohio means he will be charged 95% of manual, instead of 85%. Translated into dollars and cents, it means about $14 more each year for the next three years for his automobile insurance, or a total of $42.

The public isn't going to stand much of that sort of thing. All it takes is such an experience, multiplied thousands of times throughout the country, and the entire safe driver plan, or at least the citation end of it, is going to be thrown into the scrap heap of public opinion. These things have a way of getting into the hands of state legislators, and one of two things will happen—the plan will have to be withdrawn, or a more realistic method of applying our speed laws will have to be found.

Without doubt, the latter is the remedy, but considerable pressure will have to be exerted on our law making agencies, so that the spirit of the law, rather than the letter thereof, is observed. This brings to mind an excellent article my attention was called to in the May issue of Popular Science. The title is Let's Abolish Stupid Speed Limits, by Paul Kearney, an authority on driving safety. This article should be required reading for every person who belongs to a city or town council, which pass the ordinances under which the police and constables act. The remedy, as stated by Mr. Kearney, is the enactment of realistic laws based on scientific study, as a result of which, if a motorist is then in violation, he will be endangering life and property, and should be made to pay, both in the way of fines and increased cost of insurance.

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Sears Of Md. Interprets Applicant Certification Clause In Merit Plans

In a letter to Maryland Assn. of Insurance Agents, Commissioner Sears has interpreted the certification requirements in the application form of safe driver or merit rating auto plans. The commissioner notes that he never intended that agents be required personally to witness the signing of applications by applicants.

The commissioner wrote that the phrase "to the best of my knowledge and belief" applies to the phrase "I hereby certify." This certification, the commissioner stated, is required on all applications of safe driver or merit rating plans, to insure the proper use of rates as approved by the department and the success of the plans in the interest of the insuring public.

If future experience shows this form of certification does not accomplish the desired results and is not in the public interest, he will consider changing the phraseology.

The Maryland agents association reports that representatives of National Bureau have given assurances that, when individual driving records become available at reasonable rates to the companies, the classification system under the merit rating plan will be further refined to allow a driver with one point to be written at manual rates.

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GAB Changes In Ga., Miss.

General Adjustment Bureau has raised the status of its office at Cleveland, Miss., to a branch and advanced R. E. Campbell from resident adjuster to manager. J. E. Lang has been transferred from Meridian, Miss., to assist Mr. Campbell.

Ransom G. Cross, adjuster in charge at Valdosta, Ga., has been promoted to manager at Macon. He succeeds L. F. Lyda, who has resigned. James A. McAllister, senior adjuster at Gainesville, was named to succeed Mr. Cross at Valdosta.